



2015 Annual Financial Report

City of Tukwila

May 9, 2016



2015 Financial Highlights

1. Investment in Public safety
2. Revenue growth
3. Healthy fund balances
4. Reserve Policy compliance
5. Departmental expenditures within budget



Investments in Public Safety

- Police Department was fully staffed with 93 total staff at year-end.
 - Over \$5 million additional investment since 2012 ramp-up
 - 10 additional staff since 2011
- Tukwila International Boulevard Redevelopment
 - Two additional properties were acquired for \$1.6 million
 - Brings the City's total investment to over \$6 million.
- Fire Department deployed all three pipeline positions.



Revenue Growth

- ***General Fund*** ongoing revenues of \$58 million
 - Exceeded 2014 by \$2.9 million or 5%.
 - Exceeded original budget by 3.6% and amended budget by 2%
- ***Retail Sales tax*** revenue of \$18.7 million generated most of the General Fund growth
 - Exceeded 2014 by \$2.3 million or 14%
 - \$1.2 million of construction sales tax collected
- ***Real Estate Excise Tax (REET) revenue***
 - Totaled \$2.4 million
 - Exceeded budget by \$2 million
 - Stems largely from a \$220 million business park sale in December



Healthy Fund Balances

- The General Fund ended the year with total revenues exceeding total expenditures by **\$1.2 million** bringing the year-end fund balance to **\$11.4 million**.
- The governmental fund balances included in Attachment A of the Financial Planning Model increased by **\$3.6 million** exceeding projections.
 - 2014 fund balances \$21.2 million
 - 2015 fund balances \$24.8 million
- Fund balance provides resources for future services and projects



Reserve Policy Compliance

- The General Fund ending fund balance of \$11.4 million exceeded the minimum requirement of \$9.9 million by \$1.5 million.
 - *Reserve Policy.* The General Fund minimum fund balance must equal or exceed 18% of the prior year ongoing General Fund revenues.
- The Contingency Fund ending fund balance of \$5.58 million met the minimum requirement.
 - *Reserve Policy.* The Contingency Fund minimum fund balance must equal or exceed 10% of the prior year ongoing General Fund revenues plus 10% of the prior year one-time General Fund revenue.



Departmental Expenditures Remained Within Budget

- The additional budget for Police and Fire department existing services, allocated through the November mid-biennial budget amendment, was offset by budget savings in other departments.



Actual Departmental Expenditures Compared with Budget

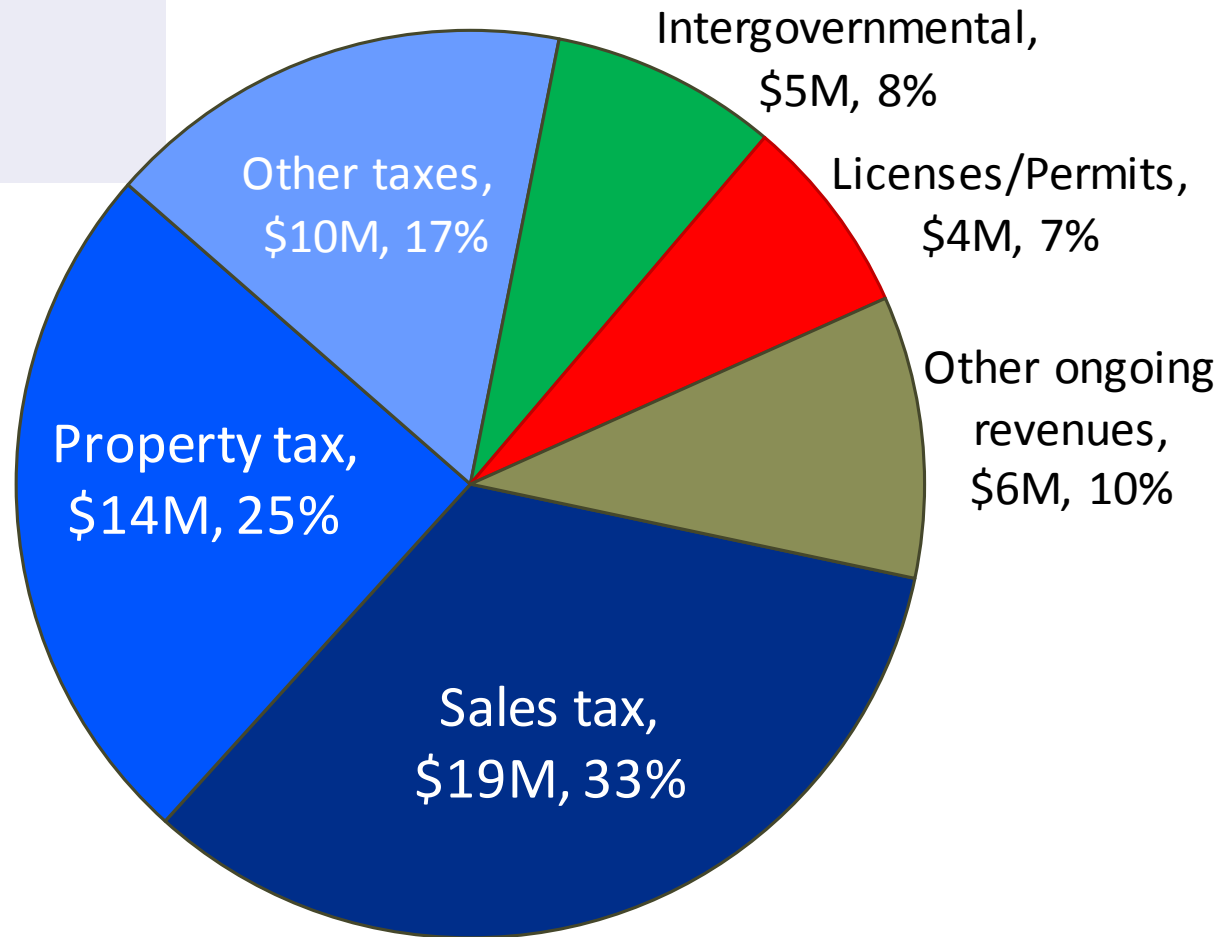
- Original budget
(Budget book page 62).....\$51,568,987
- ★ Additional budget \$430,727 .8%
- Actual Expenditures\$51,999,714

★ Additional budget authorized through the budget amendment process totaled \$981,059; of this, \$430,727 was used and \$550,332 was not used.



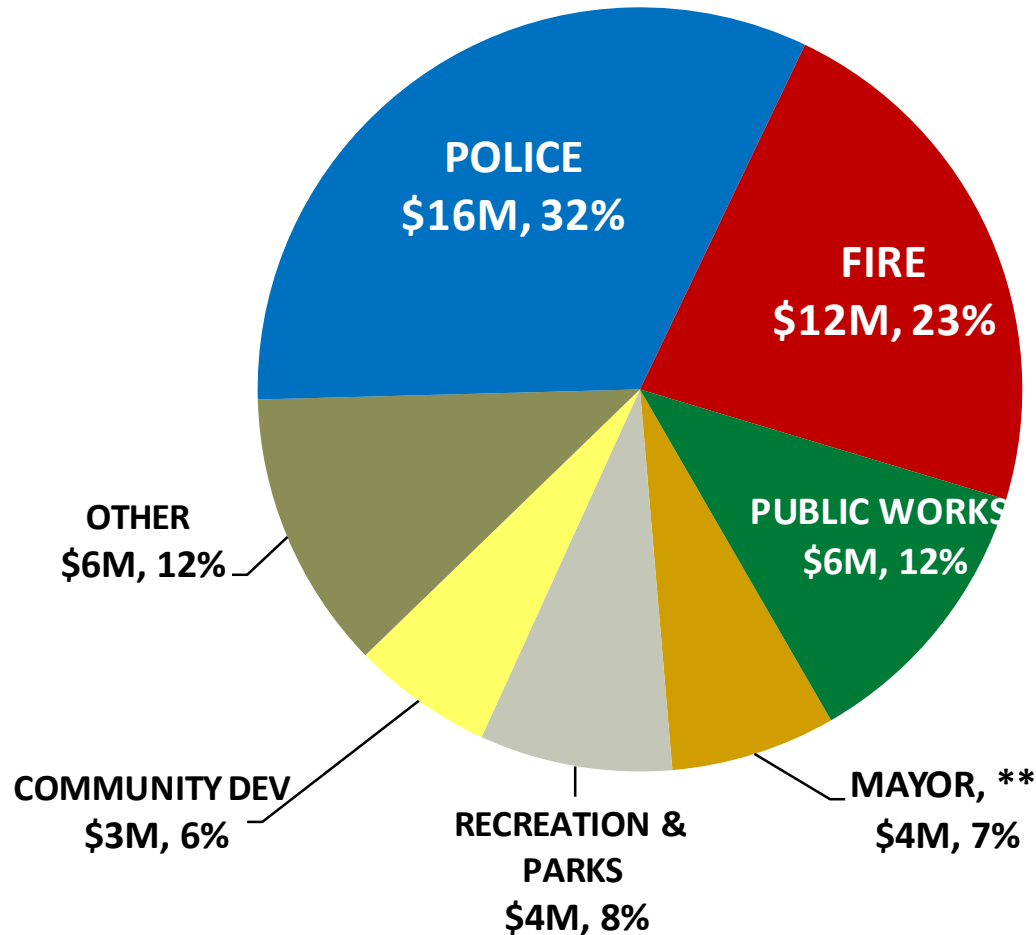
Ongoing General Fund Revenues of \$58M

- Taxes = \$43M or 75% of total





Departmental Expenditures of \$52M



** includes City Clerk, Economic Development, Communications and Human Services divisions



Highlights of Other Governmental Funds

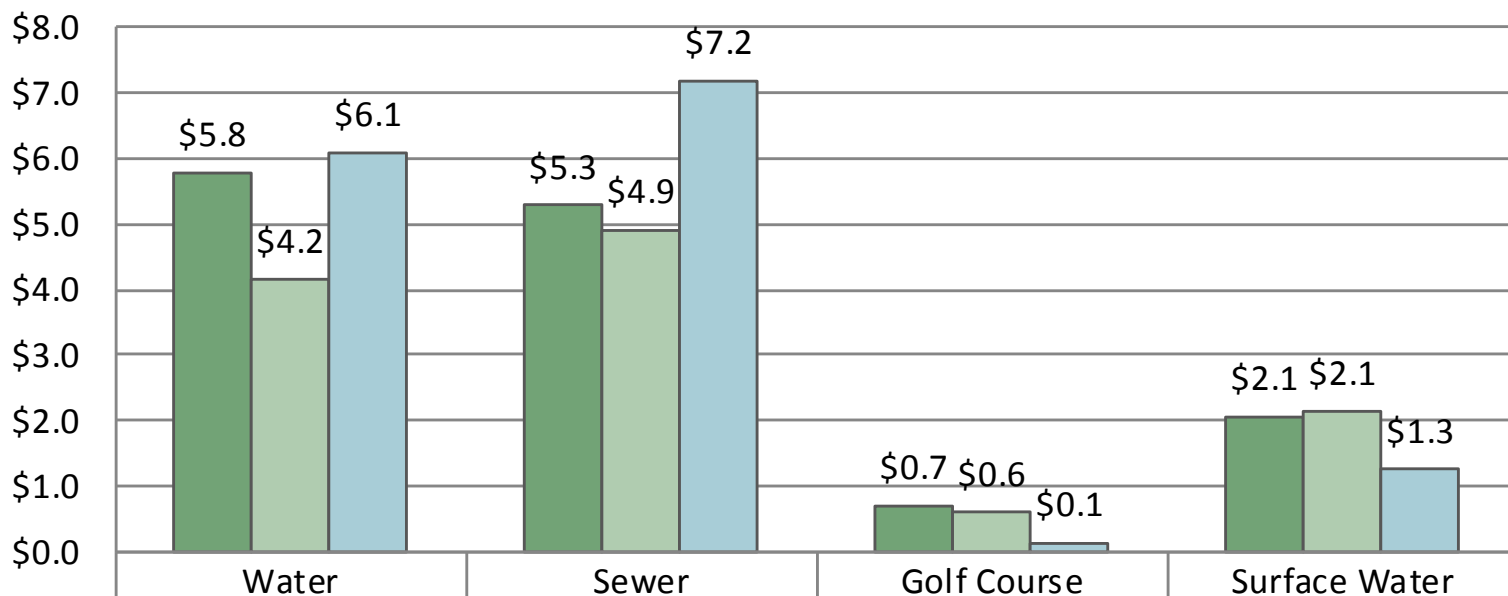
- Purchase of two additional properties on Tukwila International Boulevard for \$1.6M
- Issuance of \$5.8M in 20-year bonds
 - Interurban Avenue South Improvements
 - Boeing Access Road Bridge Rehabilitation
- Tukwila Urban Center Pedestrian Bridge design and right of way
- Duwamish Hill Preserve improvements
- Duwamish Gardens excavation and site work
- Safe Routes to School Phase I for Thorndyke and Cascade View completed



Enterprise Funds

Fund Balances

Year over Year and Budget to Actual in Millions

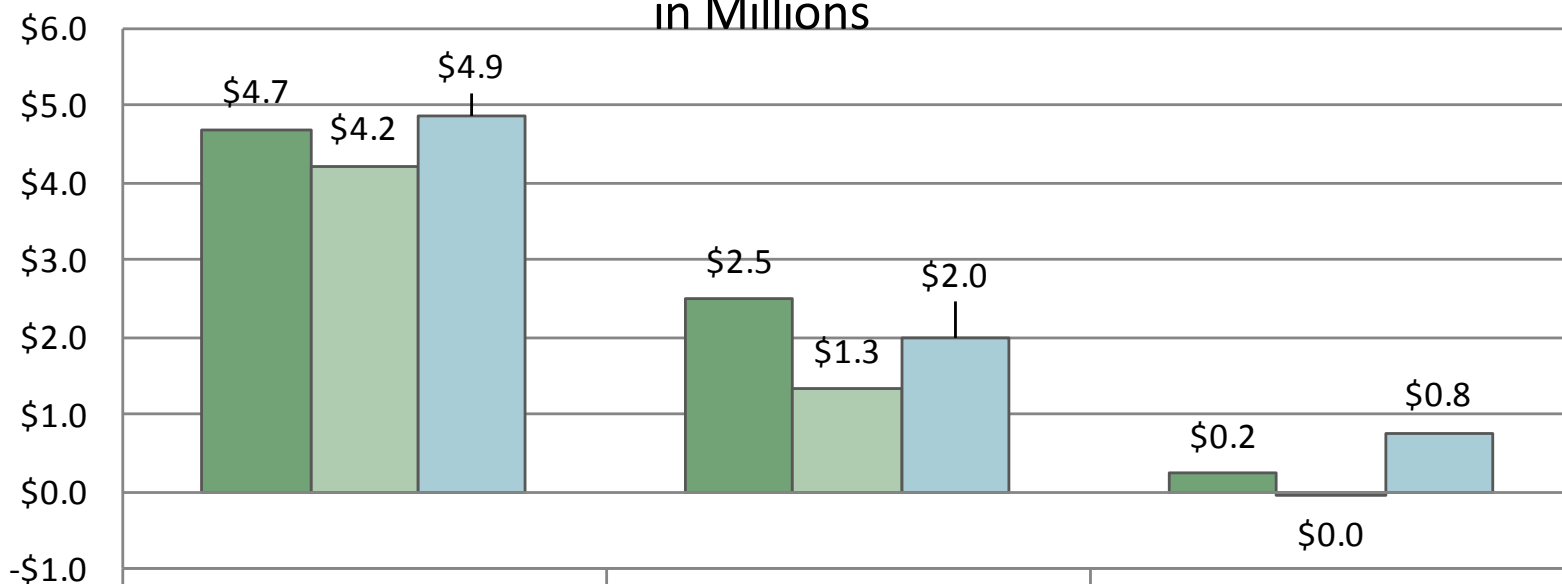


	Water	Sewer	Golf Course	Surface Water
2014 Actuals	\$5.8	\$5.3	\$0.7	\$2.1
2015 Budget	\$4.2	\$4.9	\$0.6	\$2.1
2015 Actuals	\$6.1	\$7.2	\$0.1	\$1.3



Internal Service Funds

Fund Balances- Year Over Year and Budget to Actual in Millions



	Equipment Rental, Replacement	Insurance Employees	Insurance LEOFF 1 Retirees
■ 2014 Actuals	\$4.7	\$2.5	\$0.2
■ 2015 Budget	\$4.2	\$1.3	\$0.0
■ 2015 Actuals	\$4.9	\$2.0	\$0.8



Looking Forward

- Local economy remains strong but growth is slowing. King County Economist's forecast projects declining rate of growth in:

Year	Assessed Valuation	Local Retail Sales Tax
2016	10%	5%
2017	8%	4%
2018	5%	3%

- Focus on financial fundamentals
 - Structural balance, sufficient ongoing revenue to meet ongoing expenditures
 - Reserve policy compliance
- Opportunities under consideration
 - Facilities Plan



Q&A

*The city of opportunity,
the community of choice.*



Approximately \$3 million available for Capital Projects or reserves from General Fund

	Ongoing Revenues	Ongoing Expenditures			Available for Capital Projects, Reserves, other
		Departmental	Debt Service		
2012	\$ 51.0	\$ 44.7	\$ 2.8	\$ 47.5	\$ 3.5
2013	\$ 52.1	\$ 47.3	\$ 2.9	\$ 50.2	\$ 1.9
2014	\$ 55.0	\$ 48.7	\$ 3.2	\$ 51.9	\$ 3.1
2015	\$ 57.9	\$ 52.0	\$ 2.8	\$ 54.8	\$ 3.1



Departmental Savings

Department	Budgetary Savings	Savings Generated from ...
Mayor	\$135,000	Communications Division; City Clerk and Human Services Division
Finance	300,000	Salary and benefits from open position; claims and judgments and extra labor.
City Attorney	80,000	Special matters
Community Development	275,000	Salary and benefits from open positions; slower ramp up of grant funded program.
Public Works	150,000	Salary and benefits from open position and other.
Streets	240,000	Salary and benefit savings from open position; utility savings from use of LED street lights
TOTAL	\$1,180,000	